

Service Date: April 8, 1992

DEPARTMENT OF PUBLIC SERVICE REGULATION  
BEFORE THE PUBLIC SERVICE COMMISSION  
OF THE STATE OF MONTANA

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IN THE MATTER OF the Application	)	UTILITY DIVISION
of K N Energy, Inc. for an Order	)	
Approving the Acquisition and	)	DOCKET NO. 92.3.11
Merger of Petrolane-Midland Gas	)	
Service.	)	ORDER NO. 5615

ORDER APPROVING ACQUISITION AND MERGER

BACKGROUND

On March 17, 1992 K N Energy, Inc. (K N or Applicant) filed its application with the Montana Public Service Commission (Commission) requesting Commission approval of the acquisition of all the outstanding stock of Petrolane-Midland Gas Service (aka Petrolane Beta Gas) and the merger of Petrolane Beta Gas into K N.

Petrolane Beta Gas (Petrolane) is a public utility subject to the jurisdiction of the Commission for providing propane gas service to the community of Culbertson, Montana.

Petrolane is a wholly-owned subsidiary of Texas Eastern Corporation (Texas Eastern), a Delaware corporation with its principal office in Houston, Texas.

K N is a natural gas company as defined in the Natural Gas Act, 15 USC §717a, Section 2(6), operating in Kansas, Nebraska, Oklahoma, Colorado, Wyoming, Texas and Montana. In Montana, K N purchases gas from and owns and operates a gathering system in the Bowdoin Field, but makes no sales for resale or retail sales.

K N and Texas Eastern entered into a Stock Sale and Purchase Agreement dated February 10, 1992 for the sale/purchase of all the outstanding stock of Petrolane Beta Gas (Montana) and Petrolane-Wyoming Gas Service (Wyoming). Simultaneously with the anticipated closing on or about March 31, 1992, K N intended to dissolve Petrolane and merge the assets into K N, pursuant to § 35-1-933, MCA.

K N covenants that its acquisition will have no substantial effect upon the utility service provided to customers in Culbertson, Montana. K N will provide service in the name of K N Energy, Inc. and will operate pursuant to the Commission's rules according to the rates and tariff schedules on file with the Commission.

#### FURTHER FINDINGS OF FACT

The Commission finds that K N has supported its application for approval of the stock acquisition of Petrolane, dissolution of Petrolane and merger of the assets of Petrolane into K N.

The Commission finds that, as an operating public utility within the State of Montana, K N intends to comply with the rules and regulations of the Commission. K N further agrees to file with the Commission copies of the articles of dissolution of Petrolane and revised tariff sheets reflecting the change in name to K N Energy, Inc.

#### CONCLUSIONS OF LAW

The Montana Public Service Commission exercises jurisdiction over the propane gas rates and service provided by Petrolane-Midland Gas Service (aka Petrolane Beta Gas) as a public utility in Culbertson, Montana, pursuant to § 69-3-102, MCA.

Public utilities are required to provide reasonably adequate service and facilities for reasonable rates. § 69-3-201, MCA. The transfer of ownership and operation of Petrolane to K N will not result in inadequate service or unreasonable rates.

The Montana Public Service Commission exercises jurisdiction over acquisitions and mergers, pursuant to its regulatory and supervisory powers and its general powers to do all

things necessary and convenient in the exercise of its jurisdiction. §§ 69-3-102 and 69-3-103, MCA.

K N Energy, Inc., is fit, willing and able to assume the service responsibilities associated with ownership and operation of a propane gas public utility.

ORDER

NOW THEREFORE IT IS ORDERED AS FOLLOWS:

The Montana Public Service Commission grants its approval of the stock acquisition of Petrolane-Midland Gas Service by K N Energy, Inc., and the merger of Petrolane-Midland into K N, as outlined in the Findings herein.

K N shall file with the Montana Public Service Commission copies of the articles of dissolution of Petrolane-Midland and revised tariff sheets reflecting the change in name to K N Energy, Inc.

K N shall comply with all laws, rules and regulations applicable to the provision of propane gas service pursuant to Title 69, MCA, and the rules promulgated thereunder in the Administrative Rules of Montana at Title 38.

Done and Dated this 6th day of April, 1992 by a vote of 5 - 0.

BY ORDER OF THE MONTANA PUBLIC SERVICE COMMISSION

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TED MACY, Commissioner

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DANNY OBERG, Vice Chairman

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BOB ANDERSON, Commissioner

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JOHN B. DRISCOLL, Commissioner

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WALLACE W. "WALLY" MERCER, Commissioner

ATTEST:

Ann Peck  
Commission Secretary

(SEAL)

NOTE: Any interested party may request that the Commission reconsider this decision. A motion to reconsider must be filed within ten (10) days. See ARM 38.2.4806.